

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 87-223-E - ORDER NO. 93-845 ✓

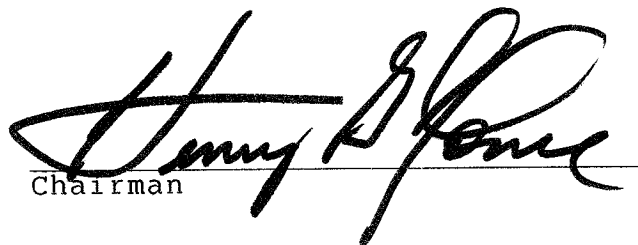
SEPTEMBER 10, 1993

IN RE: Generic Proceeding to Address Least-Cost)ORDER
Planning Procedures for Jurisdictional)ADOPTING
Electric Utilities.)MODIFICATIONS

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Commission Staff's proposed modifications to the Integrated Resource Planning (IRP) process procedures as set forth by the Commission in Order No. 91-1002. The Staff notes that the IRP process is a dynamic process, which may require modifications and additions from time to time as conditions change, laws are enacted, and the process itself evolves. Since the publication of Order No. 91-1002, the Staff has developed certain procedural modifications that it believes are desirable. These appear as Exhibit A to this Order. The modifications consist of staggered filing dates for subsequent IRPs filed by the investor owned electric utilities, changes to the Short Term Action Plans (STAPs), consideration of DSM impact measurements, and a proposed additional item, stating that any DSM incentive procedure established for a utility is subject to periodic review and possible modification by the Commission. The Commission has considered these matters, and notes that the

procedures have been considered by all parties to this docket as part of the collaborative process. The Commission believes that the modifications as proposed by Staff are in the public interest, and therefore holds that the modifications to the Integrated Resource Plan are hereby adopted as shown on Exhibit A to this Order. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

EXHIBIT A

1. MODIFICATION OF A.1.:

Staggered filing dates for the subsequent IRP:

February 28.....SCE&G
April 30.....Duke Power
June 30.....CP&L

2. MODIFICATION TO ITEM NUMBER A.2.a.7.:

Include within the STAP the actual benefits obtained for the DSM options along with the actual costs. The actual benefits can be defined as the avoided capacity and energy costs estimated through the formal evaluation of the DSM programs. If for some reason this information is not available for inclusion within the STAP, the data should be provided at the earliest possible date or the data which is available at the time of the STAP can be provided.

3. ADDITIONAL ITEM: NUMBER B.23:

Each company must file with its next IRP and henceforth an explanation of the avoided cost methodology it utilized to derive such costs within the DSM evaluation process.

4. ADDITIONAL ITEM: NUMBER B.24:

A DSM impact measurement process must be implemented by each utility in conjunction with the IRP process. Formal DSM impact measurement plans must be filed with the Commission. Such plans should be enhanced periodically by the utility subject to Commission approval or as required by the Commission.

The DSM impact measurement plan should, subject to certain qualifications which are set forth within this item, seek to establish with reasonable confidence :

- a. the type and magnitude of the impacts of each DSM program or option; and
- b. the estimated effects expected to be achieved over the

life of a program and the actual effects attributed to a program over a given time period should seek to rule out alternative explanations and factors such as weather, snap-back effects, free-riders, changing consumer tastes impacting usage under an option, errors resulting from modeling assumptions, technological and equipment changes, and any other such factor; and

c. the durability of the actual impacts of the program over time; and

d. the degree of market penetration of each option; and

e. the cost-effectiveness of each option in achieving the impacts.

The Commission considers the reliability, credibility, and dependability of the DSM impacts and outcomes to be of paramount importance. However, the impact measurement plan need not evaluate each program with the same degree of rigor and effort. It is important in any measurement process that the costs of evaluation are balanced against the value of the information obtained. The value of the information depends in part on its bearing on decisions to be made and on the importance of the specific DSM option. The criteria for evaluating the importance of a DSM option includes such factors as the magnitude of the expected load shape impacts (KW, KWH), market potential, program costs, and the degree of uncertainty about these load shapes and the degree of market penetration.

In addition, the Commission strongly encourages the utilities to seek out opportunities to work together on DSM pilot projects in an effort to obtain information which could be beneficial to the parties in estimating DSM impacts for the purpose of evaluating such options while minimizing the costs of obtaining this information.

5. ADDITIONAL ITEM NUMBER C.1:

C. A SUMMATION OF THE RELATED COMPONENTS OF THE IRP PROCESS

Any DSM incentive procedures established for a utility are subject to periodic review and possible modification by the Commission.